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Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Prepared for delivery by John B. Crowell, Jr., assistant secretary of agriculture for natural resources and environment, before the Associated Oregon Loggers, Eugene, Ore., Jan. 15

It's a pleasure to be here this afternoon and to see so many of my Oregon friends. My wife and I went to Washington two years ago with a deep sense of regret at leaving Oregon, and our absence has confirmed that our roots here had gone very deep indeed.

From my experience, there are few other parts of the country where the communities have closer ties to the forests than here in the Pacific Northwest. During normal times, more than one-third of Oregon's economy and nearly half of its employment base are directly or indirectly dependent on the forest products industries. But these aren't normal times.

Over in the Forest Service, the timber management staff has a sign on the wall which says, "When you're up to your eyebrows in alligators, it's tough to remember that you were sent in to drain the swamp." That sign came to mind as I thought about this meeting, and as I reflected on all of the economic agonies you've been through in recent years. In tough times, it's often difficult to look ahead.

But one of the lessons we've learned in the past is that we need to look ahead and to consider some things we can do to help build a better future. I want to do some of that with you today. I want to share with you some of our efforts in the U.S. Department of Agriculture to bring short-term relief to the forest industry.

Problems Of The Forest Industry

It is ironic that the forest industry should be suffering so at a time when the mood of the nation and the capacity of our forest resources have converged with such portent. This is an administration which understands the needs of the forest industry, and which knows what it takes to meet a payroll. We understand the rich potential of forests in

the Pacific Northwest to meet both the economic and aesthetic needs of society.

As you know, many recent projected changes in the timber supply and demand situation have shown that we are facing a significant future fall-down in timber harvests in the Douglas fir region. Personally, I have never believed that. However, the Forest Service's latest forest survey in western Washington has provided new and higher estimates of net annual growth for the Douglas fir region. With the low levels of forest harvest in the last few years, this is likely to force a change in the timber supply outlook for some of the most conservative projections seen recently. Although the analyses of these data are not yet complete, it now appears likely that we will not experience a significant fall-down in the Douglas fir timber supply after all.

After decades of debate and worry over the sufficiency of long-term timber supply for forest industry in the Pacific Northwest—and just as we are beginning to see our way clear on that timber supply—it's ironic that the current plight of the forest industry comes, not from lack of timber, but from lack of markets in which to sell it.

The economic forces which have created this condition are well known.

We are paying the price from long years of abusing the nation's economy—excessive government spending, deficit financing, excessive regulation, and most of all, inflation.

At the federal level, President Reagan is determined to stop that trend and to reverse it. We have reason to be optimistic that, through his economic program, conditions will improve, that interest rates will come down as they have, that the housing market will recover as it is showing signs of doing; and that mills will reopen, people will go back to work, and the forest industry will once again pick up a healthy momentum.

But the damage from decades of economic abuse isn't repaired quickly. So, until the economy recovers, the forest products industry is hurting. The best indicator of this is the 36.1 billion board feet of national forest timber which has been sold but not harvested. Half of this—about 18.1 billion board feet—is in Oregon and Washington alone.

The problem—as you well know—is that much of the federal timber under contract cannot be economically harvested at current prices. The

Forest Service, for example, has estimated that almost 90 percent of national forest timber under contract in western Oregon and Washington was purchased at prices above the average purchaser's current break-even point. It simply costs more to harvest the timber, to pay for the contracted stumpage, and to produce the lumber than the lumber subsequently can be sold for. Also, it is estimated that nearly a quarter of the national forest timber currently under contract in Oregon, Washington and California could not be operated profitably at even the highest product prices that the wood market has ever seen.

What this means is that some of the high-priced timber sales will not be harvested during the original or even during extended contract terms, and the purchaser may default and subsequently be liable for damages.

This is a very difficult situation, most certainly for you, and also for the Forest Service. Within its limited authority, the Forest Service has tried to be responsive to the plight of the industry and the people who work for it. The Forest Service has authorized three rounds of timber contract extensions, with the latest round in November providing contract extensions on 500 million board feet of timber in more than 250 sales made before 1982. About half of these sales are in Oregon and Washington.

Last April the Forest Service also changed its timber sale procedures, to discourage future timber purchasers from buying and holding large volumes of timber under contract, and thereby getting into a jam similar to the one we now have. In addition, the Forest Service rearranged its 1982 timber sales programs in Oregon and Washington to offer contracts of shorter duration and smaller volume, so as to give contractors a chance to buy timber at prices which would enable the timber to be harvested promptly. These efforts were successful, as stumpage came down substantially and as the timber buyers were able to produce and sell some timber products and put some people to work.

Some members of Congress have recognized the forest industry's grim situation. The 97th Congress considered several bills to grant relief to federal timber purchasers. Senator Hatfield's bill, for example, would have permitted terminating or extending timber sale contracts signed before 1982, or rolling back the bid prices. Another bill,

introduced by Senator McClure, would have allowed adjustments in the termination date of contracts entered into before 1982.

These bills were shaped through several compromises in the forest industry. Industry west of the Cascades for the most part supported contract relief. Forest industry in the Rocky Mountains also tended to support it if the legislation included specific provisions for transferring ineffective purchaser credits. The Southern Forest Products Association initially opposed the legislation, for many of its members who rely on privately owned timber feared that the timber would be resold at prices that would make Pacific Northwest timber competitive in markets which have been served by the south. However, SFPA did eventually support relief legislation with amendments to cap the volume of timber which could be offered for sale in Oregon and Washington. Yet, a sizeable component of the southern forest industry remains strongly opposed to relief legislation, and these divisions within the industry have hampered the relief effort.

Administration Position

The administration also opposed these relief bills, and still does. I personally worked diligently to find an appropriate solution that would meet the needs of both the administration and the Congress. In the end, I have concluded that it is impossible to fashion relief that treats all purchasers of federal timber, all segments of the industry and the general public with fairness and equity. Though the Senate Energy and Natural Resources Committee reported a bill late last September, the bill moved no further; so the legislation died with the 97th Congress. Similar legislation is likely to be reintroduced in the 98th Congress, but there is no reason to expect it will be any more successful.

The Forest Service, meanwhile, is evaluating the costs to the government of various possible solutions, compared to the cost of letting contracts go into default. Preliminary figures were released earlier, but comments since have suggested other factors to be considered. So, the Forest Service is now conducting a fuller analysis which builds in the costs of unemployment, tax losses and the effects of various options on Canadian lumber imports; and which includes all Forest Service timber sales in Oregon, Washington and California. The results should be available within the next two months, and thereby

provide some more informed basis for further considering relief options.

Looking Ahead

I have dwelt at length on this subject because of my genuine concern over the plight of the forest products industry. But let us turn, now, to a second matter I want to take up with you, and take a look ahead. My concern is, in light of the current situation in the forest industry, that we think ahead about how we are going to use our forest resources and about how to bring some stability to the forest industry.

There are a great many things which can and should be done, but two in particular stand out: Congress needs to settle how national forest roadless areas are to be used, so we can get on with the job of managing them. The forest products industry needs to diversify its products and markets, so that the jobs of people in Oregon and in other forest-dependent regions of the country are no longer hitched so inflexibly to cycles in housing.

Settling Use Of Roadless Areas

You know we've been working for years to settle how the roadless areas will be used, but we still haven't resolved it definitively. There are two primary matters to be settled. One is which national forest roadless areas will be wilderness, and which nonwilderness. The other is whether the roadless areas allocated to nonwilderness will be freed for effective management and use.

Congress has been making irregular progress in following through on the RARE II recommendations. The 96th Congress enacted wilderness legislation which covered roughly half of the areas recommended for wilderness in RARE II. By the time the 97th Congress adjourned two weeks ago it had approved wilderness bills affecting areas in 5 states—Alabama, Florida, West Virginia, Missouri and Arkansas—although the Florida and West Virginia bills were opposed by the administration and may not be signed by the president. We hope the 98th Congress will complete action on the RARE II recommendations. Right now, their agenda is likely to include an Oregon wilderness bill, as well as proposals for California, Washington, Wyoming and parts of Montana and areas in the east.

Ninth Circuit Court Of Appeals Decision

I expect that the 98th Congress will resolve the rest of the RARE II recommendations the same way the others have been resolved—on a state-by-state basis. And I hope, as Congress makes its decisions in each state, that it can be decisive by releasing the nonwilderness lands for a period that's long enough to encourage their management.

But now we have another problem. Since 1979, the Forest Service has relied upon the RARE II decision and final environmental statement as adequate, both for recommending areas for wilderness designation and for managing the areas allocated to nonwilderness. As a result, current Forest Service land management planning regulations direct that no further consideration be given to the wilderness option during the initial cycle of land management planning on each of the National Forests.

But in October, the Ninth Circuit Court of Appeals affirmed a district court decision that our RARE II environmental statement is legally inadequate as a basis for allocating land to nonwilderness in 46 areas in California. The effect of this is to make any logging operation or other development in a national forest roadless area in California, Oregon, Washington, Idaho, Montana, Arizona and Nevada vulnerable to challenge. Any such development can be challenged, either through court action or administrative appeal, and with virtual certainty of success. Essentially, activities so challenged in any roadless area allocated to nonwilderness would have to be halted. It is also very clear that the decision is a legal precedent, which may extend these effects into other parts of the country.

Judicial, Legislative Solutions

Though the Justice Department has another week to decide whether to appeal this decision to the Supreme Court, I doubt there are sufficient grounds for an appeal.

Congress could readily solve the problem by enacting so-called "sufficiency" language which would, in effect, state that the RARE II environmental statement was adequate. This has been done as part of statewide legislation in the 96th Congress for Alaska, Colorado and New Mexico, and more recently for Indiana and Missouri. Enactment of nationwide or state-by-state sufficiency language would allow the

Forest Service to go ahead with managing the nonwilderness areas without risking extensive delays from litigation. Though the 97th Congress failed to enact sufficiency language during its "lame-duck" session, we will push for consideration of at least some temporary sufficiency language early in the 98th Congress. Such language would buy time until Congress can complete action on each of the state wilderness bills.

Administrative Options

However, if Congress doesn't act, then we will have to consider several administrative options. In fact, we are well along in exploring those various options and their impacts.

The simplest option in initial time and expense would be to minimize any changes in our currently planned activities. In essence, this option would be for the Forest Service to proceed on the assumption that no one will seek to apply the court of appeals decision outside the 46 areas in California. I doubt that this is anything but a vain hope. Each administrative or court challenge would then require the Forest Service to halt or defer some activities on a case-by-case basis. For this option to be viable, Congress would have to take timely action—at least on sufficiency language. Such language would prevent challenges to Forest Service activities to an extent they would seriously jeopardize planned programs in the roadless areas not recommended for wilderness.

A second option would be to correct the deficiencies in the RARE II environmental statement by preparing a supplement to that statement. However, I don't believe this is a viable option because it would be very difficult—if not impossible—to meet the standard for site-specific analysis which was laid down by the appeals court.

A third option would be to correct the deficiencies identified by the appeals court, through the forest planning process now underway on each national forest. This would have to be done on all national forests with RARE II lands, except those in states where Congress has already enacted sufficiency language. In effect, all inventoried roadless areas would be put back into further planning and their disposition to wilderness or nonwilderness considered through the forest planning

process. This could involve halting most development activities in areas allocated to nonwilderness, and if so, the effects would be far-reaching.

For instance, timber sales in areas allocated to nonwilderness involve about a billion board feet of timber during fiscal year 1983. However, this obscures the fact that some forests have substantial volumes of their planned timber sales in these areas, and therefore don't have the latitude to reprogram sales. Therefore, this option could have a tremendous effect on any dependent mills which do not have a backlog of timber. Still another option would be to correct deficiencies by using the planning process, while continuing with planned activities in the roadless areas. Several national environmental groups have indicated they have urged their members not to precipitate a crisis by challenging activities under the appeals court ruling; only time will tell whether their efforts will be successful.

Allowing planned activities to go forward has the advantage in that the government is not creating the crisis. If a crisis is precipitated, it will be by those who seek to stop Forest Service activities. However, the disadvantage of this approach is the inconsistency of considering an area for possible recommendation as wilderness, while at the same time proceeding with activities that could foreclose the wilderness option.

In some plans, correcting the environmental statement's deficiencies would cause limited disruption, since the forest plans are not very far along. But it would create delays in many others—particularly on forests which have already produced draft plans, since they would have to look again at roadless areas not allocated to wilderness. Those forests would have to issue supplemental drafts and go through planning again—a very time-consuming and expensive process.

Realistically, under this option, replanning would be necessary on forests in all states where legislation has not been enacted, possibly delaying development activities until the plans are completed. In such a review, we would reexamine all the roadless areas—both those allocated to non-wilderness and those recommended for wilderness.

We have yet to decide what we are going to do. It's a difficult choice at best. Yet we have to settle how these roadless areas will be used. And then we have to get on with managing all forest lands effectively for the best combination of uses.

Diversifying Markets And Products

The importance of those decisions and the work ahead are becoming all the more important in light of the second long-term need I want to address here—that is, the need of forest industry in the Pacific Northwest to seek greater stability by diversifying its products and its markets.

Nature has endowed Oregon with a timber resource which is vitally important to the economy and to employment here. There is an extensive forest-based economy in this state, and it makes sense to keep it operating at full capacity so that mills can run, people can work, and communities can thrive and grow. Yet the Western sawmill industry entered 1983 with 303 mills—representing 42% of the industry—closed, and 41,184 employees laid off. These figures do not count woods workers, nor those employed in businesses indirectly dependent upon timber harvesting and processing. Altogether, the effects are enormous.

Historically, expansions and contractions in the wood products industry follow housing cycles. Housing starts turn down, followed by drops in lumber and plywood production, resulting in a decline in log production, mill shutdowns and worker layoffs. When residential construction has a cold the forest products industry sneezes, and conditions in residential construction have been in the pneumonia stage for some time. The current housing recession is the worst in 30 years, and the forest products industry is experiencing its longest and deepest recession since the 1930's. Softwood lumber prices in mid-August last year were 19 percent below those of a year earlier, and 46 percent below 1979 prices.

What is obviously necessary is that the forest products industry diversify its products and markets, so that its future isn't wedded so firmly to housing.

The most obvious means of diversifying markets is to expand the export markets for manufactured wood products, most likely in Japan—possibly China, too—and in other Pacific countries. It seems to me that these offer particularly promising markets for Pacific Northwest forest indutry if it is willing to develop them. The People's Republic of China, for example, has begun to import logs from the United States. Though Japan is currently suffering from a downturn in housing starts

which reduces its demands for wood, its demand for pulp and paper products is expected to continue to grow—perhaps to double over the next 20 years.

There are barriers to these markets which must be overcome—tariffs, metric specifications, building codes and others. There is significant competition from other countries—from Canada, the Soviet Union, Australia, New Zealand, Southeast Asia and South America. And questions over grades and standards, differences in business practices, the language barrier and other factors make the Japanese market especially difficult. Yet, I believe sufficient effort can surmount these and develop these markets over the long-term.

Perhaps the largest questions, however, are how capable Pacific Northwest forests are of meeting export demand and how committed forest industry is to diversification. Export markets are not something to be dabbled in, since the unique sizes and reliability requirements in many markets require retooling and reorienting to their specific needs. And the consensus is that Northwest industry must be willing to adjust to market size and distribution requirements and other aspects of doing business. They must be willing to pursue and serve export markets regardless of domestic markets.

A second way of diversifying forest industry is by expanding the use of wood products in the United States. I remember the bumper-stickers which asserted that "Trees are America's renewable resource." In fact, two of our family cars and our boat still carry these stickers. It is that renewability of the wood resource, and its tremendous flexibility, which can give it a competitive advantage over plastics and other materials which demand more energy for their production. That advantage can enable us to extend the use of wood by reclaiming markets—such as energy—which wood once had, and by finding new uses for wood in markets previously occupied by other materials.

We have already found many opportunities to use wood better and in new ways through innovations, such as press-dry paper, structural flakeboard, and new systems for energy utilization—and I believe more opportunities for using wood can and should be developed.

My point, in raising this subject of diversification, is that we need to look at the tremendous resource which Oregon has in abundance; a useful and versatile resource that can be economically manufactured

into products; that is renewable, recyclable, biodegradable and doesn't pollute; that uses little energy and even produces some; and that is attractive besides.

We need to look at the physical, financial and human investment in that Oregon resource. More than 60,000 jobs, directly related to the forest industry—90,000 or more at full capacity. How many mills? And the major source of livelihood in how many communities?

We need to look at that resource and at what it means to this state and to our communities. And we need to consider how we can use it best and manage it most effectively, so that our communities can thrive and grow, and so that Oregon resource can be passed on, undiminished in productivity and utility, from each generation to the next.

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News Releases

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U.S. COMPLETES FLOUR SALE ARRANGEMENT WITH EGYPT

WASHINGTON, Jan. 18—Secretary of Agriculture John R. Block today announced an arrangement with Egypt providing for the commercial sale and delivery of one million metric tons of U.S. wheat flour to Egypt over the next 12 to 14 months.

Block said the arrangement, which was agreed to yesterday in Cairo, is a major thrust in our attempts to aggressively compete for the Egyptian flour market, the largest in the world.

"This single arrangement represents one-sixth of the annual world trade of wheat flour, and it will generate more than $150 million in U.S. export earnings," Block said. "Last week President Reagan said he will not allow the United States to be plowed under by foreign competition. With the use of creative credit arrangements, we are backing those words with decisive action." Egypt imports roughly 1.5 million tons of flour annually, including 75,000 to 150,000 tons in humanitarian donations. Total world flour trade is about six million tons.

Block said export subsidies have enabled other exporters to sell wheat to Egypt at a price which is $100 or more a ton below the U.S. price.

Block said a flour price was negotiated with Egypt. The U.S. Department of Agriculture will provide, on a competitive bid basis, enough wheat from Commodity Credit Corporation (CCC) stocks to enable U.S. suppliers to contract for sale and delivery to the Egyptian market at the agreed price.

The new arrangement calls for shipments to begin in March. The sale should add over 50 million bushels to the total volume of U.S. wheat exported as flour over the next 12 to 14 months.

U.S. flour sales to Egypt in recent years have been limited to P.L. 480 concessional sales. These shipments have averaged about 450,000 tons a year, or roughly 600,000 tons on a wheat equivalent basis. This year, about 370,000 tons of flour have been programed for Egypt under P.L. 480.

Block said financing of sales under the new arrangement will be through the CCC credit guarantee program, the CCC blended credit program or a combination of both.

The arrangement will almost double total U.S. flour exports, which have run about 1.1 million tons in recent years.

Exporters should contact the office of the general sales manager, USDA, after Jan. 24 for bidding details. Phone: (202) 447-6301.

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USDA MOVES TO IMPROVE HANDLING OF CROP INSURANCE CLAIMS

WASHINGTON, Jan. 19—To get claims handled quicker with fewer errors, the U.S. Department of Agriculture's Federal Crop Insurance Corporation will provide new training for 4,500 contracted crop loss adjusters this year.

Merritt Sprague, manager of the USDA insurance agency, said the training already has begun and will be completed by April 14 in 122 locations. One goal, he said, is to cut down the average time it takes to handle a claim to 30 days. The average was 45 days in 1981.

Sprague said the corporation expects to significantly reduce the number of errors made through the mandatory certification of all loss adjusters and field personnel. For the 1981 crop year, the error rate on the claim forms was 8 percent.

Crop loss claims are not adjusted by regular USDA employees. The corporation contracts with adjusters to do the work.

The corporation will employ no adjusters to perform field inspections without supervision until they successfully complete the course of study, said Sprague. All administrative and supervisory personnel of the corporation also will be required to attend the training.

Recently, the corporation completed a three-month push to certify all agents contracted to sell crop insurance.

"Crop insurance is complex," said Sprague. "We want to be able to guarantee the farmer the best and most professional service possible."

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NEW RULE EXEMPTS SMALL, IN-STATE TURKEY PRODUCERS FROM INSPECTION

WASHINGTON, Jan. 20—Effective Feb. 23, firms that slaughter or process fewer than 20,000 turkeys each year and sell them within the state will be exempt from federal inspection.

Previously, the U.S. Department of Agriculture only exempted firms that slaughtered or processed 5,000 turkeys annually.

The new rule implements legislation signed into law last June 30, and brings the exemption ceiling for turkeys into line with the exemptions allowed for firms handling chickens, ducks, geese and other poultry, according to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

It also increases the exemption for turkey farmers raising and selling their own birds within state from 250 to 1,000 each year.

"This is a step forward for the small turkey producer," Houston said. "These small firms will realize significant savings in paperwork, plant design and inspection costs that could help them stay in business. Additionally, the reduction in inspector workload will provide a savings to USDA."

Under the new rule, exempted plants may not share space with other meat or poultry processors, and they must meet standard USDA labeling and sanitation requirements. Labeling of products from exempted plants must be truthful and accurate, and the slaughter or processing operations must be carried on under approved conditions.

The new rule is scheduled to be published in the Jan. 24 Federal Register.

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COST OF PRODUCTION BOARD MEETING SCHEDULED FOR FEBRUARY

WASHINGTON, Jan. 20—The National Agricultural Cost of Production Standards Review Board will meet at the U.S. Department of Agriculture, Washington, D.C., on Feb. 9-11.

Purpose of this first meeting is to organize the board and to review the methods that USDA currently uses to estimate the costs of producing major agricultural commodities.

All sessions will be open to the public.

The board was established by the 1981 Agriculture and Food Act to review USDA's cost of production methodology and the adequacy of the parity formulas.

The morning session on Feb. 9 will convene at 8:30 a.m. in room 104-A of the USDA administration building on the Mall. The afternoon session will convene at 1 p.m. in room 330, 500 12th St., S.W.

All sessions on Feb. 10 and 11 will open at 9 a.m. in room 330, 500 12th St., S.W.

Additional information is available from David Brewster at (202) 447-8576.

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EXOTIC NEWCASTLE DISEASE THREATENED U.S. PET BIRDS, POULTRY 13 TIMES IN 1982

WASHINGTON, Jan. 20—Exotic Newcastle disease invaded the United States 13 times during the fiscal year ending Sept. 30, 1982, a U.S. Department of Agriculture veterinarian said today.

All were traced to pet-type birds smuggled across the Mexico-California border, according to John Atwell of USDA's Animal and Plant Health Inspection Service. Many involved single sick birds taken to private veterinarians by individuals who had purchased them at "bargain" prices from strangers.

"Although the outbreaks were quickly eradicated by state and federal animal health officials," Atwell said, "each had the potential for spreading the devastating disease and wiping out cage bird aviaries or poultry flocks.

"In addition, many potential outbreaks were stopped before they could start when some 1,384 birds were intercepted at the border," Atwell said. "These seized or abandoned birds were held in quarantine until USDA veterinarians were certain that they were free of exotic Newcastle disease. There were 914 birds sold at auction to help defray

quarantine costs, the remainder died or were destroyed because of exotic Newcastle disease.

"Legally imported shipments of cage birds pose no threat to our pet bird or poultry populations," Atwell said. "During the fiscal year, 778,000 cage birds were commercially shipped to this country. Of these, nearly 56,000 were dead on arrival; another 147,840 died during quarantine—including 19,000 birds that died or were destroyed due to exotic Newcastle disease infection—and 1,300 birds were refused entry due to infection with a less virulent form of Newcastle disease."

Individuals brought 2,290 pet birds to the nine USDA quarantine stations established to handle these imports. Of these, 11 were dead on arrival and 91 died during quarantine. Most of the birds that died were young or small birds transported or kept in undersized containers, Atwell said.

Imported birds are quarantined and tested to prevent the entry of exotic Newcastle disease. This disease, also known as velogenic viscerotropic Newcastle disease, is found in many countries and can be spread by all species of birds. Some birds may carry the disease virus without any signs of illness.

Exotic Newcastle disease is not a health hazard to those who eat poultry and eggs. However, it can cause a transitory eye inflamation or flu-like symptoms in people who handle infected birds.

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WATER OUTLOOK APPEARS GOOD FOR MOST OF WEST

WASHINGTON, Jan. 20—Prospects are favorable for adequate to abundant water supplies in most of the West this summer, the U.S. Department of Agriculture and the National Oceanic and Atmospheric Administration reported today.

Peter C. Myers, chief of USDA's Soil and Conservation Service, said his agency's first snowpack surveys of the season indicate that most rivers in the region should receive normal to above normal runoff when snowmelt begins in the spring.

Myers said that Jan. 1 soil moisture conditions in high mountain watersheds are favorable and that snowpack is normal to much above normal over much of the West.

Reservoir storage is excellent, with most of the major reservoirs holding more water in storage than normal for this date.

Streams in central California, Nevada, Utah and most of Oregon are forecast to flow at 130 to 190 percent of normal.

Myers said this early assessment could be modified later, since only about 40 percent of the snow season had passed.

The Soil Conservation Service surveys snowpack and monitors snowmelt throughout the West and reports each month from January through May.

USDA specialists, in cooperation with the National Weather Service of the National Oceanic and Atmospheric Administration, U.S. Department of Commerce, analyze the data and issue monthly forecasts of runoff and water supplies.

Snow accumulated during winter and spring provides about 75 percent of the western water supply.

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USDA-INSURED PIK PARTICIPANTS OFFERED HIGHER YIELD GUARANTEES

WASHINGTON, Jan. 20—Farmers who take part in the payment-in-kind program can get higher yield guarantees on crop losses insured by the U.S. Department of Agriculture's Federal Crop Insurance Corporation.

In announcing the new initiative today, Secretary of Agriculture John R. Block said increased yield guarantees can run as high as 10 percent for farmers who participate in PIK at the 30 percent level. Yield guarantees will go up less for lower levels of participation.

"To qualify for the yield guarantee increase, the insured farmer must participate in the PIK program at least at the 10 percent level," said Block. "That would make the farmer eligible for an increase of 6 percent."

Block said the guaranteed increase will climb to 8 percent at the 20 percent participation level. The 10 percent increase for PIK participation at the 30 percent level will be the maximum allowed.

Under the PIK program announced Jan. 11, farmers can allow some of the land they normally farm to lie idle. In return, they will get a certain amount of the commodity they would have raised from reserves held by the government.

The objective of PIK, said Block, is to balance demands and supplies by reducing production, cutting surplus stocks and avoiding price support payments.

Merritt W. Sprague, manager of the USDA crop insurance corporation, said he believes the new insurance offer is an incentive that will attract new producers to crop insurance and encourage those already insured to continue their coverage.

"No additional action will be required by the insured farmer who is a PIK program participant to qualify for the increased yield guarantee," said Sprague. "No additional premium will be charged for added coverage."

In the event of loss, said Sprague, the producers' policy guarantees will be adjusted according to his verified PIK participation records.

Sprague said the yield guarantee increase level is based on the corporation's expectation of increased yields, more timely operations and greater inputs per acre on the remaining acreage of PIK participants. The agency can offer higher guarantees without a corresponding rise in premium rates because it estimates the risk of loss will be reduced.

Current winter wheat policy holders who are participating in PIK may submit revised acreage reports to the corporation until March 11, said Sprague. No premium will be due on destroyed acreage for reports filed on time.

Producers submitting bids for whole farm participation may submit a zero acreage report which is conditional upon acceptance of their bid by the Agricultural Stabilization and Conservation Service. Soon, the Federal Crop Insurance Corporation will send notification letters to insured producers outlining alternatives and procedures to follow.

More information about the PIK program and federal crop insurance

participation can be obtained by calling a toll-free number, (800) 368-5942 between 8 a.m. and 8 p.m., EST.

Once PIK sign-up begins Jan. 24, producers also may get full details from local offices of the Agricultural Stabilization and Conservation Service.

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USDA COMPLETES FIRST TEST SHIPMENT OF CATTLE IN AMARILLO, TEXAS

AMARILLO, Texas, Jan. 21—The U.S. Department of Agriculture's Office of Transportation completed its first test shipment of cattle in an experimental rail car equipped with an onboard feeding and watering system here today.

This research was initiated last spring with stationery tests at the Beltsville, Md., Agricultural Research Center, according to Deputy Assistant Secretary of Agriculture John Ford.

The Ortner Freight Car Company is loaning the rail car to USDA and the research is being conducted in cooperation with Texas A&M University here. The Burlington Northern and Norfolk Southern Railroads have also contributed significant resources to the support of this project, Ford said.

"This project provides an excellent example of what industry and government working together can accomplish," Ford said.

Researchers will collect pre- and post-transit data on the health, stress levels, shrinkage and recovery rate of the steers, economic data comparing the cost of rail shipment with truck shipment over similar routes, and the energy efficiency of rail.

The 91-foot long car, carrying 44 feeder calves weighing 456 pounds each, left Newport, Tenn., Jan. 16, and arrived in Amarillo Thursday afternoon, Jan. 20.

"This new effort, which will build upon the information gained in previous experiments, will determine conclusively whether or not reestablishing rail transportation as a significant segment of cattle movements is economically and technologically feasible," Ford said.

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WIND DAMAGES 550,000 ACRES IN GREAT PLAINS

WASHINGTON, Jan. 21—Wind damaged 550,000 acres of land in the Great Plains during the first two months of the 1982-83 blowing season, an increase of 42 percent over the same period a year earlier.

Despite the increase, Peter C. Myers, chief of the U.S. Department of Agriculture's Soil Conservation Service, said the wind erosion damage figure is not abnormally high for this period. Last year, the wind damage during the first two months was very low.

Nevertheless, there is concern in some areas about the large amount of land that is in condition to blow, Myers said.

In Oklahoma, many farmers didn't get their wheat planted due to lack of moisture last fall. And much of the wheat that was planted doesn't have enough growth yet to resist wind damage.

Myers also said excessive fall plowing in many areas removed the protective crop residue from the surface of the soil, leaving it more susceptible to wind damage.

Ninety-five percent of the land reported damaged during the first two months was cropland, 3 percent was rangeland and 2 percent was other land.

Each year, Soil Conservation Service technicians gather wind damage data during the seven-month blowing season from 541 counties in the 10 Great Plains States.

Reports are issued after the second, fourth and seventh month of the season—November through May.

The first report of damages due to wind erosion, with 1981 comparisons, follows:

State	Counties Reporting	1982 Acres	1982 Hectares	1981 Acres	1981 Hectares
Colorado	37	65,959	26,704	19,620	7,943
Kansas	105	54,900	22,226	20,700	8,381
Montana	40	25,545	10,342	40,805	16,520
Nebraska	21	14,925	6,042	35,565	14,399
New Mexico	19	19,015	7,698	4,950	2,004

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State	Counties Reporting	1982 Acres	1982 Hectares	1981 Acres	1981 Hectares
North Dakota	53	51,469	20,837	36,186	14,650
Oklahoma	30	77,230	31,267	16,860	6,826
South Dakota	66	12,500	5,061	57,680	23,352
Texas	147	216,403	87,611	138,958	56,258
Wyoming	23	14,925	6,042	19,150	7,753
TOTAL	541	552,871	223,830	390,474	158,087

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